

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013**

**HOUSE BILL 727  
RATIFIED BILL**

AN ACT TO ALLOW THE DIVISION OF MOTOR VEHICLES TO ISSUE A SALVAGE CERTIFICATE OF TITLE TO AN INSURANCE COMPANY OR USED CAR DEALER IN CERTAIN SITUATIONS WHERE THE INSURANCE COMPANY OR USED CAR DEALER IS UNABLE TO OBTAIN THE ORIGINAL CERTIFICATE OF TITLE FROM THE OWNER OF THE MOTOR VEHICLE.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 20-109.1 reads as rewritten:

**"§ 20-109.1. Surrender of titles to salvage vehicles.**

...  
(b) Transfer to Insurer. –

(1) If a salvage vehicle owner does not want to keep the vehicle, the owner must assign the vehicle's certificate of title to the insurer when the insurer pays the claim. The insurer must send the assigned title to the Division within 10 days after receiving it from the vehicle owner. The Division must then send the insurer a form to use to transfer title to the vehicle from the insurer to a person who buys the vehicle from the insurer. If the insurer sells the vehicle, the insurer must complete the form and give it to the buyer. If the buyer rebuilds the vehicle, the buyer may apply for a new certificate of title to the vehicle.

(2) If a salvage vehicle owner fails to assign and deliver the vehicle's certificate of title to the insurer within 30 days of the payment of the claim in accordance with subdivision (b)(1) of this section, the insurer, without surrendering the certificate of title, may, at any time thereafter, request that the Division send the insurer a form to use to transfer title to the vehicle from the insurer to a person who buys the vehicle from the insurer. The request shall be made on a form prescribed by the Division and shall be accompanied by proof of payment of the claim and proof of notice sent to the owner and any lienholder requesting the vehicle's certificate of title. If the records of the Division indicate there is an outstanding lien against the vehicle immediately before the payment of the claim and if the payment was made to a lienholder or to a lienholder and the owner jointly, the proof of payment shall include evidence that funds were paid to the first lienholder shown on the records of the Division. The notice must be sent by the insurer at least 30 days prior to requesting the Division send the insurer a form to use to transfer title and must be sent by certified mail or by another commercially available delivery service providing proof of delivery to the address on record with the Division. Upon the Division's receipt of such request, the vehicle's certificate of title is deemed to be assigned to the insurer. Notwithstanding any outstanding liens against the vehicle, the Division must send the insurer a form to use to transfer title to the vehicle from the insurer to a person who buys the vehicle from the insurer. The Division's issuance of the form extinguishes all existing liens on the motor vehicle. If the insurer sells the vehicle, the insurer must complete the form and give it to the buyer. In such a sale by the insurer, the motor vehicle shall be transferred free and clear of any liens. If the buyer rebuilds the vehicle, the buyer may apply for a new certificate of title to the vehicle.



(c) **Owner Keeps Vehicle.** – If a salvage vehicle owner wants to keep the vehicle, the insurer must give the owner an owner-retained salvage form. The owner must complete the form and give it to the insurer when the insurer pays the claim. The owner's signature on the owner-retained salvage form must be notarized. The insurer must send the completed form to the Division within 10 days after receiving it from the vehicle owner. The Division must then note in its vehicle registration records that the vehicle listed on the form is a salvage vehicle.

(d) **Theft Claim on Salvage Vehicle.** – An insurer that pays a theft loss claim on a vehicle and, upon recovery of the vehicle, determines that the vehicle has been damaged to the extent that it is a salvage vehicle must send the vehicle's certificate of title to the Division within 10 days after making the determination. The Division and the insurer must then follow the procedures set in subdivision (1) of subsection (b) of this section.

(e) **Out-of-State Vehicle.** – A person who acquires a salvage vehicle that is registered in a state that does not require surrender of the vehicle's certificate of title must send the title to the Division within 10 days after the vehicle enters this State. The Division and the person must then follow the procedures set in subdivision (1) of subsection (b) of this section.

(e1) **Owner or Lienholder Abandons Vehicle.** – If an insurer requests a used motor vehicle dealer, the primary business of which is the sale of salvage vehicles on behalf of insurers, to take possession of a salvage vehicle that is the subject of an insurance claim and subsequently the insurer does not take ownership of the vehicle, the insurer may direct the used motor vehicle dealer to release the vehicle to the owner or lienholder. The insurer shall provide the used motor vehicle dealer a release statement authorizing the used motor vehicle dealer to release the vehicle to the vehicle's owner or lienholder.

Upon receiving a release statement from an insurer, the used motor vehicle dealer shall send notice to the owner and any lienholder of the vehicle informing the owner or lienholder that the vehicle is available for pick up. The notice shall include an invoice for any outstanding charges owed to the used motor vehicle dealer. The notice shall inform the owner and any lienholder that the owner or lienholder has 30 days from the date of the notice, and upon payment of applicable charges owed to the used motor vehicle dealer, to pick up the vehicle from the used motor vehicle dealer. Notice under this subsection must be sent by certified mail or by another commercially available delivery service providing proof of delivery to the address on record with the Division.

If the owner or any lienholder of the vehicle does not pick up the vehicle within 30 days after notice was sent to the owner and any lienholder in accordance with this subsection, the vehicle shall be considered abandoned, the vehicle's certificate of title is deemed to be assigned to the used motor vehicle dealer, and the used motor vehicle dealer, without surrendering the certificate of title, may request that the Division send the used motor vehicle dealer a form to use to transfer title to the vehicle from the used motor vehicle dealer to a person who buys the vehicle from the used motor vehicle dealer. The request shall be accompanied by a copy of the notice required by this subsection and proof of delivery of the notice required by this subsection sent to the owner and any lienholder. Notwithstanding any outstanding liens against the vehicle, the Division must send the used motor vehicle dealer a form to use to transfer title to the vehicle from the used motor vehicle dealer to a person who buys the vehicle from the used motor vehicle dealer. The Division's issuance of the form extinguishes all existing liens on the motor vehicle. If the used motor vehicle dealer sells the vehicle, the used motor vehicle dealer must complete the form and give it to the buyer. In such a sale by the used motor vehicle dealer, the motor vehicle shall be transferred free and clear of any liens. If the buyer rebuilds the vehicle, the buyer may apply for a new certificate of title.

(f) **Sanctions.** – Violation of this section is a Class 1 misdemeanor. In addition to this criminal sanction, a person who violates this section is subject to a civil penalty of up to one hundred dollars (\$100.00), to be imposed in the discretion of the Commissioner.

(g) **Fee.** – G.S. 20-85 sets the fee for issuing a salvage certificate of title.

(h) **Claims.** – The Division shall not be subject to a claim under Article 31 of Chapter 143 of the General Statutes related to the cancellation of a title pursuant to this section if the claim is based on reliance by the Division on any proof of payment or proof of notice submitted to the Division by a third party pursuant to subdivision (b)(2) or subsection (e1) of this section."

**SECTION 2.** G.S. 20-72(b) reads as rewritten:

"(b) In order to assign or transfer title or interest in any motor vehicle registered under the provisions of this Article, the owner shall execute in the presence of a person authorized to

administer oaths an assignment and warranty of title on the reverse of the certificate of title in form approved by the Division, including in such assignment the name and address of the transferee; and no title to any motor vehicle shall pass or vest until such assignment is executed and the motor vehicle delivered to the transferee. The provisions of this section shall not apply to any foreclosure or repossession under a chattel mortgage or conditional sales contract or any judicial sale. The provisions of this subsection shall not apply to (i) any transfer to an insurer pursuant to G.S. 20-109.1(b)(2) or (ii) any transfer to a used motor vehicle dealer pursuant to G.S. 20-109.1(e1).

When a manufacturer's statement of origin or an existing certificate of title on a motor vehicle is unavailable, a motor vehicle dealer licensed under Article 12 of this Chapter may also transfer title to another by certifying in writing in a sworn statement to the Division that all prior perfected liens on the vehicle have been paid and that the motor vehicle dealer, despite having used reasonable diligence, is unable to obtain the vehicle's statement of origin or certificate of title. The Division is authorized to develop a form for this purpose. The filing of a false sworn certification with the Division pursuant to this paragraph shall constitute a Class H felony.

Any person transferring title or interest in a motor vehicle shall deliver the certificate of title duly assigned in accordance with the foregoing provision to the transferee at the time of delivering the vehicle, except that where a security interest is obtained in the motor vehicle from the transferee in payment of the purchase price or otherwise, the transferor shall deliver the certificate of title to the lienholder and the lienholder shall forward the certificate of title together with the transferee's application for new title and necessary fees to the Division within 20 days. Any person who delivers or accepts a certificate of title assigned in blank shall be guilty of a Class 2 misdemeanor.

The title to a salvage vehicle shall be forwarded to the Division as provided in ~~G.S. 20-109.1~~. G.S. 20-109.1, except with respect to the title of any salvage vehicle transferred pursuant to G.S. 20-109.1(b)(2) or G.S. 20-109.1(e1)."

**SECTION 3.** G.S. 20-75 reads as rewritten:

**"§ 20-75. When transferee is dealer or insurance company.**

When the transferee of a vehicle registered under this Article is:

- (1) A dealer who is licensed under Article 12 of this Chapter and who holds the vehicle for resale; or
- (2) An insurance company taking the vehicle for sale or disposal for salvage purposes where the title is taken or requested as a part of a bona fide claim settlement transaction and only for the purpose of resale,

the transferee shall not be required to register the vehicle nor forward the certificate of title to the Division as provided in G.S. 20-73.

To assign or transfer title or interest in the vehicle, the dealer or insurance company shall execute, in the presence of a person authorized to administer oaths, a reassignment and warranty of title on the reverse of the certificate of title in the form approved by the Division, which shall include the name and address of the transferee. The title to the vehicle shall not pass or vest until the reassignment is executed and the motor vehicle delivered to the transferee.

The dealer transferring title or interest in a motor vehicle shall deliver the certificate of title duly assigned in accordance with the foregoing provision to the transferee at the time of delivering the vehicle, except:

- (1) Where a security interest in the motor vehicle is obtained from the transferee in payment of the purchase price or otherwise, the dealer shall deliver the certificate of title to the lienholder and the lienholder shall forward the certificate of title together with the transferee's application for new certificate of title and necessary fees to the Division within 20 days; or
- (2) Where the transferee has the option of cancelling the transfer of the vehicle within 10 days of delivery of the vehicle, the dealer shall deliver the certificate of title to the transferee at the end of that period. Delivery need not be made if the contract for sale has been rescinded in writing by all parties to the contract.

Any person who delivers or accepts a certificate of title assigned in blank shall be guilty of a Class 2 misdemeanor.

The title to a salvage vehicle shall be forwarded to the Division as provided in ~~G.S. 20-109.1~~. G.S. 20-109.1, except with respect to the title of any salvage vehicle transferred pursuant to G.S. 20-109.1(b)(2) or G.S. 20-109.1(e1)."

**SECTION 4.** G.S. 20-78(a) reads as rewritten:

"(a) The Division, upon receipt of a properly endorsed certificate of title, application for transfer thereof and payment of all proper fees, shall issue a new certificate of title as upon an original registration. The Division, upon receipt of an application for transfer of registration plates, together with payment of all proper fees, shall issue a new registration card transferring and assigning the registration plates and numbers thereon as upon an original assignment of registration plates. The Division, upon receipt of an application for transfer thereof and payment of all proper fees, but without receipt of a properly endorsed certificate of title, shall issue a salvage certificate of title pursuant to G.S. 20-109.1(b)(2) or G.S. 20-109.1(e1)."

**SECTION 5.** G.S. 20-85(a)(10) reads as rewritten:

"(a) The following fees are imposed concerning a certificate of title, a registration card, or a registration plate for a motor vehicle. These fees are payable to the Division and are in addition to the tax imposed by Article 5A of Chapter 105 of the General Statutes.

- ...
  - (10) Each application for a salvage certificate of title made by an ~~insurer~~insurer or by a used motor vehicle dealer pursuant to subdivision (b)(2) or subsection (e1) of G.S. 20-109.1 ..... 15.00

**SECTION 6.** G.S. 105-187.6(a)(1) reads as rewritten:

"(a) Full Exemptions. – The tax imposed by this Article does not apply when a certificate of title is issued as the result of a transfer of a motor vehicle:

- (1) To (i) the insurer of the motor vehicle under G.S. 20-109.1 because the vehicle is a salvage vehicle-vehicle or (ii) a used motor vehicle dealer under G.S. 20-109.1 because the vehicle is a salvage vehicle that was abandoned.

**SECTION 7.** This act becomes effective October 1, 2013.

In the General Assembly read three times and ratified this the 25<sup>th</sup> day of July, 2013.

s/ Tom Apodaca  
Presiding Officer of the Senate

s/ Thom Tillis  
Speaker of the House of Representatives

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Pat McCrory  
Governor

Approved \_\_\_\_\_m. this \_\_\_\_\_ day of \_\_\_\_\_, 2013